

Amended Statement Cover

Changes made based on correspondence received from the Michigan Office of Financial and Insurance Services

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

Health Plan of Michigan, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	52563	Employer's ID Number	38-3253977
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan	State of Domicile or Port of Entry	Michigan			
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]			
Date Incorporated or Organized	12/31/1995	Date Commenced Business	12/31/1995			
Statutory Home Office	17515 W. Nine Mile Road, Suite 650	Southfield, MI 48075				
	(Street and Number)	(City, or Town, State and Zip Code)				
Main Administrative Office	17515 W. Nine Mile Road, Suite 650					
	(Street and Number)					
	Southfield, MI 48075	(248)557-3700				
	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)				
Mail Address	17515 W.Nine Mile Road, Suite 650	Southfield, MI 48075				
	(Street and Number or P.O. Box)	(City, or Town, State and Zip Code)				
Primary Location of Books and Records	Same					
	(Street and Number)					
	Same,	(248)557-3700				
	(City, or Town, State and Zip Code)	(Area Code) (Telephone Number)				
Internet Website Address	www.hpmich.com					
Statutory Statement Contact	Jon B. Cotton	(248)204-6011				
	(Name)	(Area Code)(Telephone Number)(Extension)				
	j cotton@hpmich.com	(248)557-4638				
	(E-Mail Address)	(Fax Number)				
Policyowner Relations Contact	17515 W. Nine Mile Road, Suite 650					
	(Street and Number)					
	Southfield, MI 48075	(248)557-3700				
	(City, or Town, State and Zip Code)	(Area Code) (Telephone Number)(Extension)				

OFFICERS

President/CEO	David B. Cotton M.D.
Secretary/CIO	Thomas Lauzon
Treasurer/CFO	Janice Torosian

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Timothy Beck
Thomas Lauzon
Melanie Shearman

George Ellis
Laura Leege

State of Michigan
County of Oakland ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
David B. Cotton, M.D.	Thomas Lauzon	Janice Torosian
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer
	a. Is this an original filing?	Yes[] No[X]
	b. If no,	1
	1. State the amendment number	09/09/2004
	2. Date filed	5
	3. Number of pages attached	

Subscribed and sworn to before me this
day of , 2004

(Notary Public Signature)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

06/16/2003
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2000
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2000
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/24/2001
- 3.4 By what department or departments?
State of Michigan Office of Financial and Insurance Services
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES (continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2.	Common .....	..... 100,000.000	..... 1,000.000	..... 44.700	..... X X X .....	..... X X X .....	..... X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1 Name of Custodian(s)	2 Custodian's Address
Schwab Institutional	1958 Summit Park Place Orlando, FL 32810

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
123286	Roble Asset Management	5700 Corporate Drive, Pittsburgh,PA 15237

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

GENERAL INTERROGATORIES (Continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 33,101
25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans	24,621
American Association of Health Plans	8,480

26.1 Amount of payments for legal expenses, if any? \$ 80,979
26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Law Office of Tom Waelchli	55,175
Miller, Canfield, Paddock, Stone	24,640

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$
27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	97,918,564	64,563,007
2.2	Premium Denominator	97,918,564	64,563,007
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	11,585,133	8,673,014
2.5	Reserve Denominator	11,585,133	8,673,013
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ 192,500
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Insolvency coverage under reinsurance policy and State Mandated Trust Fund
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 4861
- 8.2 Number of providers at end of reporting year

..... 5249
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0

GENERAL INTERROGATORIES (continued)
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 759,939

10.22 Amount actually paid for year bonuses

\$ 384,660

10.23 Maximum amount payable withholds

\$ 143,779

10.24 Amount actually paid for year withholds

\$

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 9,434,840

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

Net Subscription Revenues (\$97,918,564 - \$3,570,168) \$94,348,396 x 10% = \$9,434,840

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Allegan, MI
Barry, MI
Berrien, MI
Branch, MI
Calhoun, MI
Cass, MI
Eaton, MI
Genesee, MI
Hillsdale, MI
Huron, MI
Jackson, MI
Kalamazoo, MI
Kent, MI
Lenawee, MI
Livingston, MI
Macomb, MI
Monroe, MI
Montcalm, MI
Muskegon, MI
Oakland, MI
Oceana, MI
Ogemaw, MI
Oscoda, MI
Ottawa, MI
Roscommon, MI
St. Clair, MI
St. Joseph, MI
Sanilac, MI
Tuscola, MI
Van Buren, MI